

SSB 5600 - S AMD 220

By Senator Benton

NOT CONSIDERED 05/25/2011

1

2 Strike everything after the enacting clause and insert the
3 following:

4

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6

7 **Sec. 1.** RCW 31.45.073 and 2009 c 510 s 3 are each amended to read
8 as follows:

9 (1) No licensee may engage in the business of making small loans
10 without first obtaining a small loan endorsement to its license from
11 the director in accordance with this chapter. An endorsement will be
12 required for each location where a licensee engages in the business of
13 making small loans, but a small loan endorsement may authorize a
14 licensee to make small loans at a location different than the licensed
15 locations where it cashes or sells checks. A licensee may have more
16 than one endorsement.

17 (2) A licensee must set the due date of a small loan on or after
18 the date of the borrower's next pay date. If a borrower's next pay
19 date is within seven days of taking out the loan, a licensee must set
20 the due date of a small loan on or after the borrower's second pay
21 date after the date the small loan is made. The termination date of a
22 small loan may not exceed the origination date of that same small loan
23 by more than forty-five days, including weekends and holidays, unless
24 the term of the loan is extended by agreement of both the borrower and
25 the licensee and no additional fee or interest is charged. The
26 maximum principal amount of any small loan, or the outstanding
27 principal balances of all small loans made by all licensees to a

1 single borrower at any one time, may not exceed seven hundred dollars
2 or thirty percent of the gross monthly income of the borrower,
3 whichever is lower. A licensee is prohibited from making a small loan
4 to a borrower who is in default on another small loan until after that
5 loan is paid in full or two years have passed from the origination
6 date of the small loan, whichever occurs first.

7 (3) A licensee is prohibited from making a small loan to a
8 borrower in an installment plan with any licensee until after the plan
9 is paid in full or two years have passed from the origination date of
10 the installment plan, whichever occurs first.

11 ~~(4) ((A borrower is prohibited from receiving more than eight
12 small loans from all licensees in any twelve month period. A licensee
13 is prohibited from making a small loan to a borrower if making that
14 small loan would result in a borrower receiving more than eight small
15 loans from all licensees in any twelve month period.~~

16 ~~—(5))~~ A licensee that has obtained the required small loan
17 endorsement may charge interest or fees for small loans not to exceed
18 in the aggregate fifteen percent of the first five hundred dollars of
19 principal. If the principal exceeds five hundred dollars, a licensee
20 may charge interest or fees not to exceed in the aggregate ten percent
21 of that portion of the principal in excess of five hundred dollars.
22 If a licensee makes more than one loan to a single borrower, and the
23 aggregated principal of all loans made to that borrower exceeds five
24 hundred dollars at any one time, the licensee may charge interest or
25 fees not to exceed in the aggregate ten percent on that portion of the
26 aggregated principal of all loans at any one time that is in excess of
27 five hundred dollars. The director may determine by rule which fees,
28 if any, are not subject to the interest or fee limitations described
29 in this section. It is a violation of this chapter for any licensee
30 to knowingly loan to a single borrower at any one time, in a single
31 loan or in the aggregate, more than the maximum principal amount
32 described in this section.

33 ~~((6))~~ (5) In connection with making a small loan, a licensee may
34 advance moneys on the security of a postdated check. The licensee may

1 not accept any other property, title to property, or other evidence of
2 ownership of property as collateral for a small loan. The licensee
3 may accept only one postdated check per loan as security for the loan.
4 A licensee may permit a borrower to redeem a postdated check with a
5 payment of cash or the equivalent of cash. The licensee may disburse
6 the proceeds of a small loan in cash, in the form of a check, or in
7 the form of the electronic equivalent of cash or a check.

8 ~~((7))~~ (6) No person may at any time cash or advance any moneys
9 on a postdated check or draft in excess of the amount of goods or
10 services purchased without first obtaining a small loan endorsement to
11 a check casher or check seller license.

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15 On page 1, beginning with line 1 of the title, strike all material
16 through line 3, and insert the following:

17
18 "AN ACT Relating to removing the cap on the maximum number of
19 small loans a borrower may have in a twelve-month period; and amending
20 RCW 31.45.073."

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